



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking into the  
Review of the California High Cost  
Fund B Program.

R.06-06-028  
(Filed June 29, 2006)

**ADDITIONAL COMMENTS OF THE DIVISION OF RATEPAYER  
ADVOCATES ON THE “CALIFORNIA ADVANCED SERVICES FUND”**

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The Division of Ratepayer Advocates (“DRA”) submits these Additional Comments on the California Advanced Services Fund (“CASF”) in accordance with an electronic mail received from Administrative Law Judge (“ALJ”) Pulsifer on February 19, 2008 at 4:16 pm. Pursuant to the request of ALJ Pulsifer made at the conclusion of the February 7, 2008, workshop on the CASF, DRA provides these additional issues and concerns in R.06-06-028.

DRA applauds the Commission for holding the CASF workshop, and for issuing the “straw man” proposals in advance of the workshop so that participants could give them careful and thoughtful consideration. It proved useful in clarifying some of the intentions of the CASF, as well as illuminating the ambiguities in the “straw man” application process and assessment proposals. Many questions arose in the workshop and it became very apparent that, while the “straw man” application was a good starting point, the application and scoring process needs to contain much more specific and detailed information in order to effectuate a successful CASF.

DRA encourages the Commission to: give preference not only to “unserved” areas, but also to “areas less likely to be served” via giving preference points to lower income and less densely populated areas; make the application much more explicit and detailed; provide a “scoring sheet” to ensure consistent rating criteria for comparing bids; provide enough public information for realistic competing bids; and monitor data to ensure that CASF recipients are meeting their pricing, buildout, and speed commitments.

DRA has organized these informal comments as a list of bullet points highlighting ideas and concerns following the workshop.

- Scoring criteria should be explicit, clear, and consistently applied to all bids. Currently, there are no criteria for how to award the points within each rating category.
  - Points should be given to areas that are less likely to be served.
  - A separate variable or “Other Points” should be devoted to lower income areas (median household income by CBG derived from Census data should be used as it would reduce the effect of outliers) and population density, with preference given to lower income areas and less densely populated areas. DRA recommends devoting at least 5 points to lower income areas and at least 5 points to less densely populated areas.
  - Clear points are necessary for determination of what is preferable in terms of pricing and bundles, delineating which bundle is considered “more optimal” and whether equipment is included in the pricing structure.
  - “Scoring Sheets” that describe what the number should be for calculating each weight are necessary so that each applicant is rated on standardized criteria.
  - There is a need for parties to review the scoring template before it is finalized.
  - Too many points are currently awarded to “Funds requested per Potential Customer”, and not enough points are allocated to pricing and the length of the guaranteed pricing period.
- Speed requirements should be more specific.
  - The Commission must develop a way to track and monitor speeds to ensure that the applicant is meeting the speed requirement. If this requirement is not met, the applicant should not receive all of the funds.
  - Speed measurements of “up to” are not an adequate measure.
  - The actual level of speed should be clarified. It was a surprise to many parties at the workshop that the 3/1 speed definitions were not actually *required*, but rather considered *optimal*.<sup>1</sup>
  - Service providers do not sell on a per-MBPS basis. An evaluation based on subscription fee per month, and what services you are receiving for that fee, is more useful than price per MBPS. As we noted, the Commission must clarify whether and which bundles may be considered more optimal.

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<sup>1</sup> RT Vol WS, 2/7/08, at.23, lines 16-28, at 24, lines 1-11.

- The speed formula should be examined more carefully.
- There should be a longer pricing commitment period than one year.
  - The voluntary pricing commitment of 12 months is too short.
  - The Commission should recognize that the deployment of broadband infrastructure in unserved areas of California means that there is an opportunity for carriers to sell other services as well, providing subsidized carriers with a competitive advantage for years to come. Carriers are unlikely to experiencing financial difficulty in covering their O & M costs.
  - If the pricing commitment remains at 1 year, DRA supports the Commission's stated intention of allowing an individual subscriber to apply for service anytime with that year and receive the pricing commitment for a full year from when he or she signed up for service.
  - If the CASF recipient upgrades their service before the pricing commitment time period has ended, customers should have the option of remaining on the previous service at the committed price, or upgrading their service at a new price.
- Proprietary designation of the geographic area of the initial application
  - DRA agrees that an applicant's name can remain confidential.
  - The portion of the website devoted to CASF applications should include a list of the CBG numbers included in the application.
  - Additionally, the website must include a map derived from the shapefile data the Commission receives. CBG numbers by themselves are not enough, as CBG's can be quite large. There must be enough information made public to allow for competing bids. A map derived from the shapefile will only give an idea of what sections of the CBG's will be served, it won't provide any access to the underlying confidential data. Such a map is merely a representation of the proposed service areal as noted in the workshop, there is no opportunity to "zoom in" on such a map as it is limited by the pixels.<sup>2</sup>
  - It must be clear that the Commission will receive the confidential underlying data included in a shapefile, along with the public information, in the application packet.
- The Commission should conduct any necessary audit, verification, monitoring and discovery during project implementation/construction to ensure that CASF funds are spend in accordance with Commission approval. Ensuring that the CASF is working is comprised of two elements:

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<sup>2</sup> RT Vol WS at 27, lines 10-22.

- Compliance: The Commission should make sure that money is used properly.
- Efficacy: The Commission should monitor to see if CASF is useful in promoting broadband (whether it actually meets intended goals) and determine whether the CASF should be extended.
- Other issues.
  - The applications should include any service restrictions, such as bandwidth availability, any time commitments customers must accept, non-recurring charges, tying availability of broadband services to the purchase of other services, etc.
  - The Commission should accept an initial round of bids for unserved areas, followed by a subsequent round for areas which contain a mix of unserved and underserved areas.
  - There should be a cut-off date for submission of bids.
  - The Commission should clarify the timeline for funding collection, funding disbursement, and how long the surcharge will remain in effect.

Respectfully submitted,

/s/ NATALIE BILLINGSLEY

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February 20, 2008

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of “**ADDITIONAL COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON THE ‘CALIFORNIA ADVANCED SERVICES FUND’**” in **R.06-06-028** by using the following service:

[ X ] **E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

[ X ] **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses, if any.

Executed on February 20, 2008 at San Francisco, California.

/s/ HALINA MARCINKOWSKI

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Halina Marcinkowski

**N O T I C E**

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